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January 4, 2005

VIA ELECTRONIC MAIL
ORIGINAL BY HAND DELIVERY

Secretary Mary L. Cottrell
Department of Telecommunications and Energy
One South Station
2nd Floor
Boston, MA 02110

RE: Cape Light Compact, D.T.E. 04-32

Dear Secretary Cottrell:

On March 3, 2004 the Cape Light Compact (the "Compact") petitioned the Department of Telecommunications and Energy (the "Department") for approval to enter into a competitive electric supply agreement as an opt-out municipal aggregator. The Department docketed this petition as D.T.E. 04-32 and issued its approval order on May 4, 2004. Pursuant to this approval, the Compact entered into a competitive electric supply agreement (the "Agreement") with Consolidated Edison *Solutions*, LLC ("ConEdison *Solutions*") on July 16, 2004. This letter serves to provide notice to the Department of an amended price term of the Agreement.

On July 23, 2004 the Compact filed a letter with the Department confirming that the non-price provisions of the Agreement remained the same as the non-price provisions included in the form of electric supply agreement submitted in the Compact's Petition and that service to default customers will begin January 1, 2005 and service to all other customers will begin on March 1, 2005. The Compact believes it has satisfied all conditions of the Department's approval order in D.T.E. 04-32.

The Agreement was subject to a confidential treatment of the price terms included in Exhibit A of the Agreement, for a period of 120 days, in order to undertake the market activities necessary to finalize the Agreement and so as to not undermine the most efficacious and cost-effective arrangement of the power supply and Renewable Energy Certificates ("RECs") set forth in the Agreement by premature disclosure of the price terms. Upon mutual agreement between the Compact and ConEdison *Solutions*, the price terms of the Agreement were made public on November 4, 2004. ConEdison *Solutions*' metered retail sales price from January 1, 2005 through December 31, 2005 was stated as \$71.26/MWh (the "Price") for all customer classes.

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The terms of the Agreement state that to the extent the Compact procures RECs at a price below the assumed Massachusetts Renewable Portfolio Standard ("RPS") Alternative Compliance Payment ("ACP") price of \$51.41/MWh, ConEdison *Solutions* shall reduce its Price on a proportionate basis to reflect such dollar for dollar reduction in the price of the RECs. In addition, the Agreement stated that the Price did not include the Compact's one-half mil adder. The Agreement authorized ConEdison *Solutions* to adjust its price to include the adder if the Compact requested such an adjustment prior to the January 1, 2005 start date of the Agreement.

On October 27, 2004, the Compact entered into an agreement for the purchase and sale of NEPOOL GIS Certificates with Washington Electric Cooperative, Inc. ("WEC"). The Compact was able to negotiate a favorable price for RECs for the entire ConEdison *Solutions* power supply for calendar year 2005 at a price below the ACP. As a result of this purchase at a price below the ACP, the Compact is supporting renewable energy as well as providing savings to consumers. Therefore, to reflect the Compact's procurement of RECs for calendar year 2005, ConEdison *Solutions* and the Compact recently agreed to an amended Price of \$71.19/MWh, with the price per rate class broken down as follows: \$7.132 cents/kWh for Residential, \$7.169 cents/kWh for Small Commercial and Industrial and \$7.169 cents/kWh for Large Commercial and Industrial. The Residential price reflects the Compact's reduction of its mil charge, per the terms of the Agreement.

Thank you for your attention to this matter. If you, or any other recipient of this letter, require further information or have any questions, please do not hesitate to contact me.

Sincerely,

Jeffrey M. Bernstein

JMB\drb

cc: Andrew Kaplan, Esq., General Counsel (via e-mail and hand delivery)
Jeanne Voveris, Esq. (via e-mail and hand delivery)
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